

Message Text

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PASS AGRICULTURE ELECTRONICALLY

E.O. 11652: N/A

TAGS: EAGR, EEC

SUBJECT: EC COUNCIL OF AGRICULTURAL MINISTERS MEETING MARCH
14 THROUGH 15 1977

REF: (A) EC BRUSSELS 1529, (B) EC BRUSSELS 576

1. SUMMARY: THE EC COUNCIL OF AGRICULTURAL MINISTERS DISCUSSED
FISH (SEPTEL) AND ELEMENTS OF THE COMMISSION'S 1977/78 FARM
PRICE PROPOSALS: GREEN RATES, DAIRY AND GRAINS. MEMBER STATES
APPEAR WILLING TO CONSIDER AN EXPANDED SUBSIDIZATION OF LIQUID
SKIM MILK AND SKIM MILK POWDER IN ANIMAL FEED. NEXT COUNCIL
MEETING IS SET FOR MARCH 25-27. END SUMMARY.

2. IN THE COUNCIL MEETING OF MARCH 14-15, EC AGRICULTURAL
MINISTERS BARELY PASSED THE STAGE OF OPENING CURTSIES AND BOWS
IN THEIR ANNUAL FARM PRICE MARATHON WALTZ. MOST OF THEM WENT
LITTLE BEYOND THEIR INITIAL POSITIONS PUT FORTH AT THE LAST
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COUNCIL MEETING (REF. A) WITH THE EXCEPTION OF SKIM MILK POWDER
FOR ANIMAL FEED (MORE ON THIS IN PARAGRAPH 5). THE COUNCIL
DISCUSSED ONLY THE GENERAL PRICE INCREASE, MONETARY COMPENSATORY
AMOUNTS, DAIRY AND GRAINS IN THE COMMISSION'S PRICE PROPOSAL.
THE NEXT COUNCIL MEETING IS SET FOR MARCH 25-27 (A WEEKEND)
AND BETS ARE ON AS TO WHETHER THERE WILL BE A FINAL PRICE SETTLEMENT
AT THAT TIME. SOME SAY THAT THE NEGOTIATIONS ARE NOT RIPE

YET AND POINT TO THE COMING BELGIAN AND DUTCH ELECTIONS AS PREVENTING A FINAL DECISION. THE COUNCIL PRESIDENT, SILKIN, FOR HIS PART, SAYS "WE AIM TO TRY TO FINISH, IF WE CAN" AND THREATENS TO DISCIPLINE HIS COHORTS WITH HARD WORK AND "STINKING SANDWICHES" UNTIL THEY DO FINISH.

3. GENERAL PRICE INCREASE AND AGRO-MONETARY PROPOSALS. THE MEMBER STATES REPEATED MORE OR LESS THEIR EARLIER POSITIONS: NAMELY ONLY DENMARK APPEARED IN FAVOR OF THE COMMISSION PROPOSALS AS THEY STAND; THE BENELUX COUNTRIES BELIEVE THAT THE 3 PCT PRICE INCREASE ALONG WITH ADJUSTMENTS IN THEIR GREEN RATES WOULD LEAD TO UNACCEPTABLY SMALL PRICE INCREASES FOR THEIR COUNTRIES AND WERE EVEN SUGGESTING THE POSSIBILITY OF CUTTING MCA'S OUT OF THE PRICE PACKAGE; IRELAND AND ITALY CALLED FOR HIGHER PRICE INCREASES; FRANCE THOUGHT THAT THE 3 PERCENT WAS A MINIMUM AND WANTED THE MCA SYSTEM AMENDED ACCORDING TO ITS PREVIOUS RECOMMENDATIONS (HOWEVER, IT APPEARS THAT NO MEMBER STATE NOR THE COMMISSION IS IN FAVOR OF PREFIXING MCA'S AS THE FRENCH WANT); GERMANY IS WILLING TO BE PRAGMATIC BUT BELIEVES THERE IS NOTHING IN THE COMMISSION PROPOSALS OF MUCH BENEFIT TO ITS FARMERS; AND THE UK BELIEVES THAT THE PRICE INCREASES PLUS ADJUSTMENT OF THE GREEN POUND AND ACCESSION TRANSITION STEPS WOULD LEAD TO TOO HIGH PRICES.

4. DAIRY. SOME PROGRESS WAS REPORTED IN THE COUNCIL ON VARIOUS MEASURES PROPOSED IN THE COMMISSION'S DAIRY REFORM PLAN. PRESIDENT SILKIN SAID HE HAD AGREEMENT IN PRINCIPLE FROM EIGHT MEMBER STATES ON THE CORESPONSIBILITY LEVY, CHARACTERIZING THEIR POSITIONS AS VARYING FROM SLIGHT RELUCTANCE TO ENTHUSIASM. UNCLASSIFIED

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ITALY IS AGAINST THE CORESPONSIBILITY LEVY BECAUSE OF ITS DAIRY DEFICIT POSITION BUT SUGGESTED IT MIGHT AGREE TO A 2.5 PCT LEVY IF THE MILK INTERVENTION PRICE WERE INCREASED BY MORE THAN 3 PCERCENT. COMMISSIONER GUNDELACH WAS NOT VERY RECEPTIVE TO THIS IDEA NOR TO THE FRENCH SUGGESTION THAT THE CORESPONSIBILITY LEVY BE DECREASED FROM 2.5 TO 1.5 PERCENT. BELGIUM AND LUXEMBOURG CONDITIONED THEIR AGREEMENT ON THE CORESPONSIBILITY LEVY TO COUNCIL AGREEMENT FOR A VEGATBLE OIL TAX, BUT BELGIAN MINISTER LAVENS ARGUED IT WOULD BE UNREALISTIC FOR JUST SOME MEMBER STATES TO APPLY A VEGETABLE OILS TAX. THERE WAS AGREEMENT IN PRINCIPLE ON THE COMMISSION'S PROPOSAL FOR NONMARKETING PREMIUMS BUT THE FINANCIAL DETAILS STILL HAVE TO BE WORKED OUT. NO DECISION WAS REACHED ON THE PROPOSAL TO SUSPEND FINANCIAL INVESTMENT AID IN THE DAIRY SECTOR. THE UK DELEGATION STATED THAT IT CONSIDERED THE COMMISSION,S PROPOSAL FOR EXCLUSIVE USE OF DAIRY FATS IN PROCESSED PRODUCTS AS UNACCEPTABLE SINCE IT WOULD PROHIBIT THE UK FROM MARKETING ITS ICE CREAM, WHICH IS PRIMARILY MADE OF VEGETABLE OILS AND ANIMAL FATS, AS ICE CREAM.

5. THE COUNCIL INTERRUPTED ITS CONSIDERATION OF THE COMMISSION'S PRICE PACKAGE IN THE DAIRY DECTOR TO DISCUSS A COMMISSION PROPOSAL FOR A COUNCIL REGULATION THAT WOULD ALLOW HIGHER SUBSIDIES ON LIQUID SKIM MILK FOR PIG FEED AND FRESH MILK POWDER FOR PIG AND POULTRY FEED (REF.B). THE PRESENT COMMUNITY SUBSIDIES FOR LIQUID SKIM MILK AND SKIM MILK POWDER ARE GEARED TO CALF FEEDING. RECENTLY THERE WAS A COMMISSION REGULATION

OFFERING SKIM MILK POWDER OUT OF INTERVENTION AT REDUCED PRICES THROUGH TENDER. IN THE COURSE OF THE DISCUSSION, THE DUTCH DELEGATION THREW OUT THE POSSIBILITY OF HAVING MORE OR LESS A PERMANENT SYSTEM (AS LONG AS DAIRY SURPLUSES EXIST) OF SUBSIDIZING LIQUID SKIM MILK AND SKIM MILK POWDER DOWN TO THE PRICE LEVEL OF SOYBEANS FOR ALL ANIMAL FEED: PIG, POULTRY AND CATTLE. THE COMMISSION AND MEMBER STATES WERE RECEPTIVE TO THIS IDEA. NO ONE QUESTIONED THE COSTS OF SUCH A PROGRAM.
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THERE WAS A QUESTION AS TO WHETHER SUCH A SUBSIDY PROGRAM WOULD BE CONSISTENT WITH THE COMMUNITY'S GATT OBLIGATIONS. THE COMMISSION RESPONDED THAT IT WOULD BE. THE SPECIAL AGRICULTURAL COMMITTEE WILL DISCUSS THE IDEA AT ITS NEXT MEETING MARCH 21. THERE IS NO FORMAL PROPOSAL YET, NOR ANY CLEAR UNDERSTANDING ABOUT THE DETAILS FOR SUCH A SUBSIDY PROGRAM, FOR EXAMPLE, WHETHER A SUBSIDY SHOULD ONLY BE ACCORDED FOR POWDER OUT OF INTERVENTION STOCKS OR DIRECTLY TO THE PRODUCER. THE SPECIAL COMMITTEE ON AGRICULTURE WILL DISCUSS WHETHER SUCH A SUBSIDY PROGRAM SHOULD BE INCLUDED IN THE COUNCIL'S PRICE DISCUSSIONS.

6. GRAINS. UK FELT THAT THE GENERAL PRICE INCREASE OF 3 PERCENT FOR THE GRAINS SECTOR WAS TOO HIGH. THE CORN PRICE INCREASE OF 4.5 PERCENT WAS THOUGHT TO BE TOO LARGE BY ITALY, A NET IMPORTER, BUT ON THE OTHER HAND IT WANTS BIGGER PRICE INCREASES THAN THOSE PROPOSED ON DURUM WHEAT AND RICE. BELGIUM AND FRANCE EXPRESSED SOME DISSATISFACTION WITH THE NEW REFERENCE PRICE SYSTEM FOR BREAD-QUALITY WHEAT. SOME MEMBER STATES STILL HAVE RESERVATIONS ABOUT THE RELIABILITY OF CURRENT TESTING METHODS TO DISTINGUISH BREAD QUALITY FROM FEED QUALITY WHEAT. HOWEVER, THERE IS NO DOUBT ABOUT GOING THROUGH WITH IMPLEMENTING THE AMENDMENTS TO THE GRAIN INTERVENTION

SYSTEM AGREED TO LAST YEAR.

7. OTHER DISCUSSION POINTS: THE UK ASKED THAT THE CURRENT CXT SUSPENSION ON POTATOES BE EXTENDED TO THE END OF APRIL. THIS GOT A "FROSTY RESPONSE" FROM THE COMMISSION. THE IRISH BROUGHT UP THE PROBLEM OF INCREASES COMPETITION FROM BRITISH BISCUITS AS A RESULT OF UK HAVING ACCESS TO LOWER-PRICED RAW MATERIALS. THE COMMISSION SAID THAT A COMMUNITY SOLUTION COULD BE FOUND

USING ARTICLE 135 OF THE ACCESSION TREATY. THERE WAS SOME
DISCUSSION OF PROBLEMS IN THE HOPS SECTOR, BUT NO DECISIONS
WERE TAKEN. FOR THE FIRST TIME, A DELEGATION OF EUROPEAN
CONSUMERS WAS RECEIVED BY THE AGRICULTURAL COUNCIL PRESIDENT.
THEY ASKED FOR A GENERAL PRICE FREEZE ON AGRICULTURE AND
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PRICE DECREASES FOR COMMODITIES IN SURPLUS. THE COUNCIL
PRESIDENT ALSO RECEIVED A VISIT FROM THE COPA (EUROPEAN FARMERS'
ORGANIZATION) DELEGATION WHO ASKED FOR A GENERAL INCREASE OF
7.4 PERCENT IN FARM PRICES.HINTON

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